Ten commandments for a better future

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First commandment:

Ask for higher wages

Wages in the region remain far below the EU average

Even after adjusting for lower prices, wages in the region are only 37–67% of the EU average.

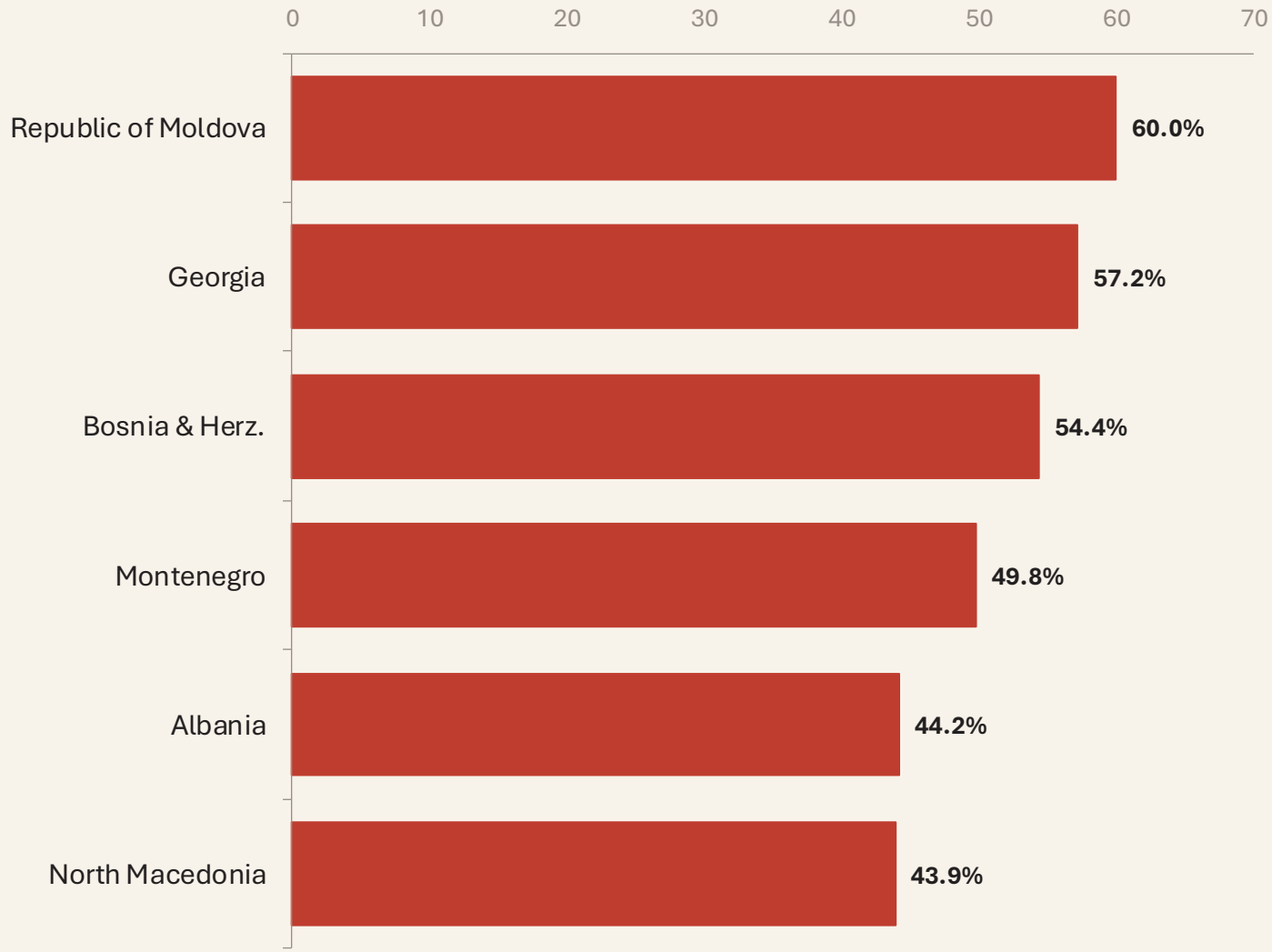
Source: converge2eu. Data for 2025. PPS = purchasing power standards.

Labour share remains low.

In the Balkan countries, workers often get less than one half of the value they produce.

Georgia and Moldova do somewhat better.

Labour share of income, %

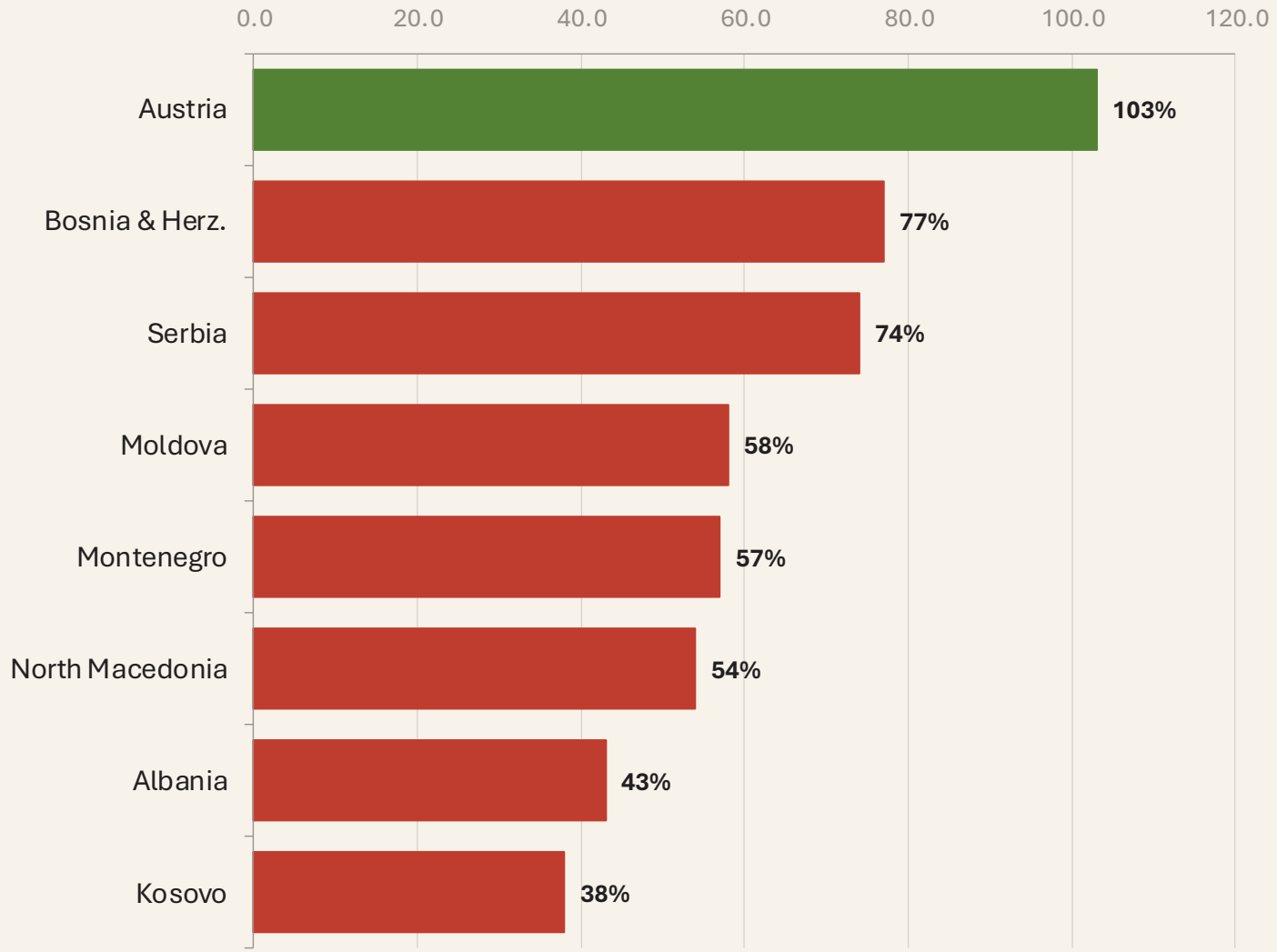


Source: ILO

Labour income does not cover household consumption.

This is different from Austria, where compensation exceeds household consumption.

Compensation of employees / household consumption, %



Source: Eurostat

Higher wages are good for everyone, not just for the workers

From the Collections of The Henry Ford
www.thehenryford.org

'GOLD RUSH' IS STARTED BY FORD'S $5 OFFER

Thousands of Men Seek Employment in Detroit Factory.

Will Distribute $10,000,000 in Semi-Monthly Bonuses.

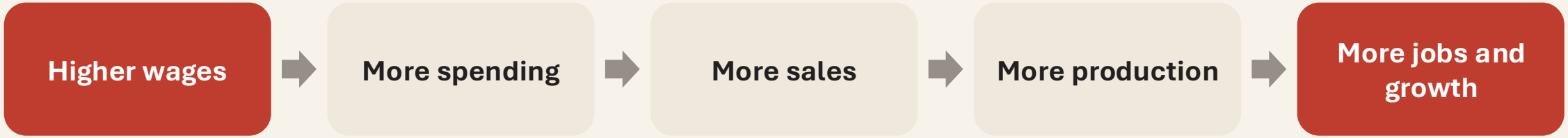
No Employe to Receive Less Than Five Dollars a Day.

(TIMES-STAR SPECIAL DISPATCH.)

DETROIT, Mich., January 7.—Henry Ford in an interview to-

"If the Treasury were to fill old bottles with banknotes, bury them at suitable depths in disused coalmines ... and leave it to private enterprise ... to dig the notes up again ..., there need be no more unemployment and ... the real income of the community ... would probably become a good deal greater than it actually is."

John Maynard Keynes, The General Theory, 1936



Source: J. M. Keynes (1936), The General Theory of Employment, Interest and Money, chapter 10.

Second commandment:

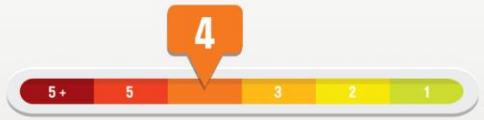
Fight for labour rights

Albania

Systematic violations of rights **(?)**

Country score is worse than last year.

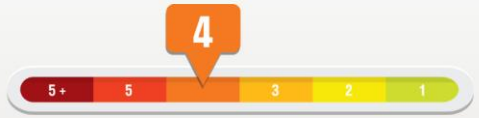
Georgia



Systematic violations of rights **(?)**

Country score is the same as last year.

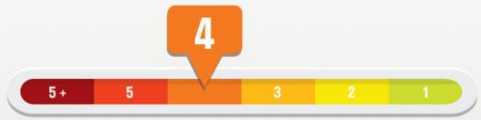
North Macedonia



Systematic violations of rights **(?)**

Country score is the same as last year.

Serbia

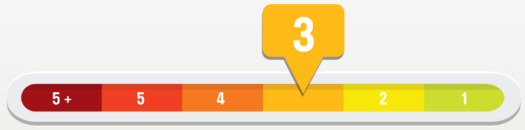


Systematic violations of rights **(?)**

Country score is the same as last year.

Systematic violation of labour rights in Albania, Georgia, North Macedonia and Serbia

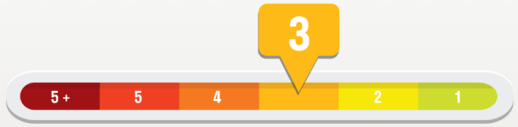
Bosnia-Herzegovina



Regular violations of rights (?)

Country score is the same as last year.

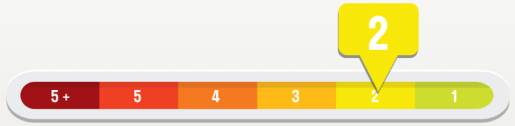
Montenegro, Republic of



Regular violations of rights (?)

Country score is the same as last year.

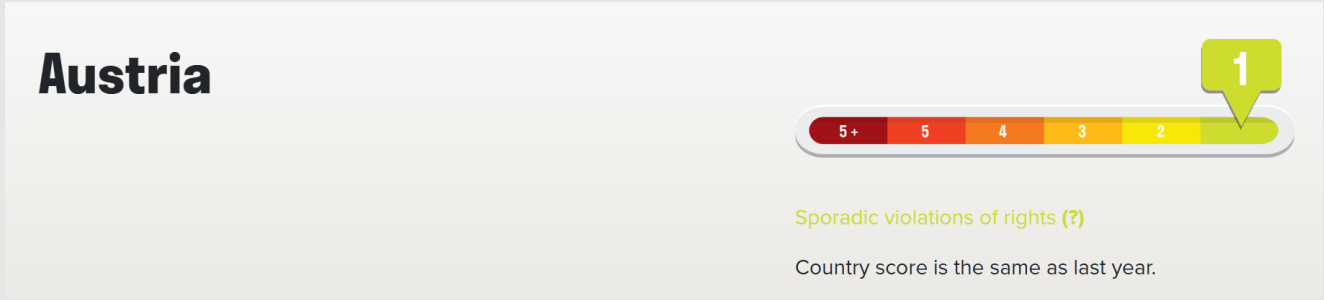
Moldova



Repeated violations of rights (?)

Country score is the same as last year.

Regular or repeated violation in Bosnia, Montenegro and Moldova



Compared to just sporadic violations in Austria

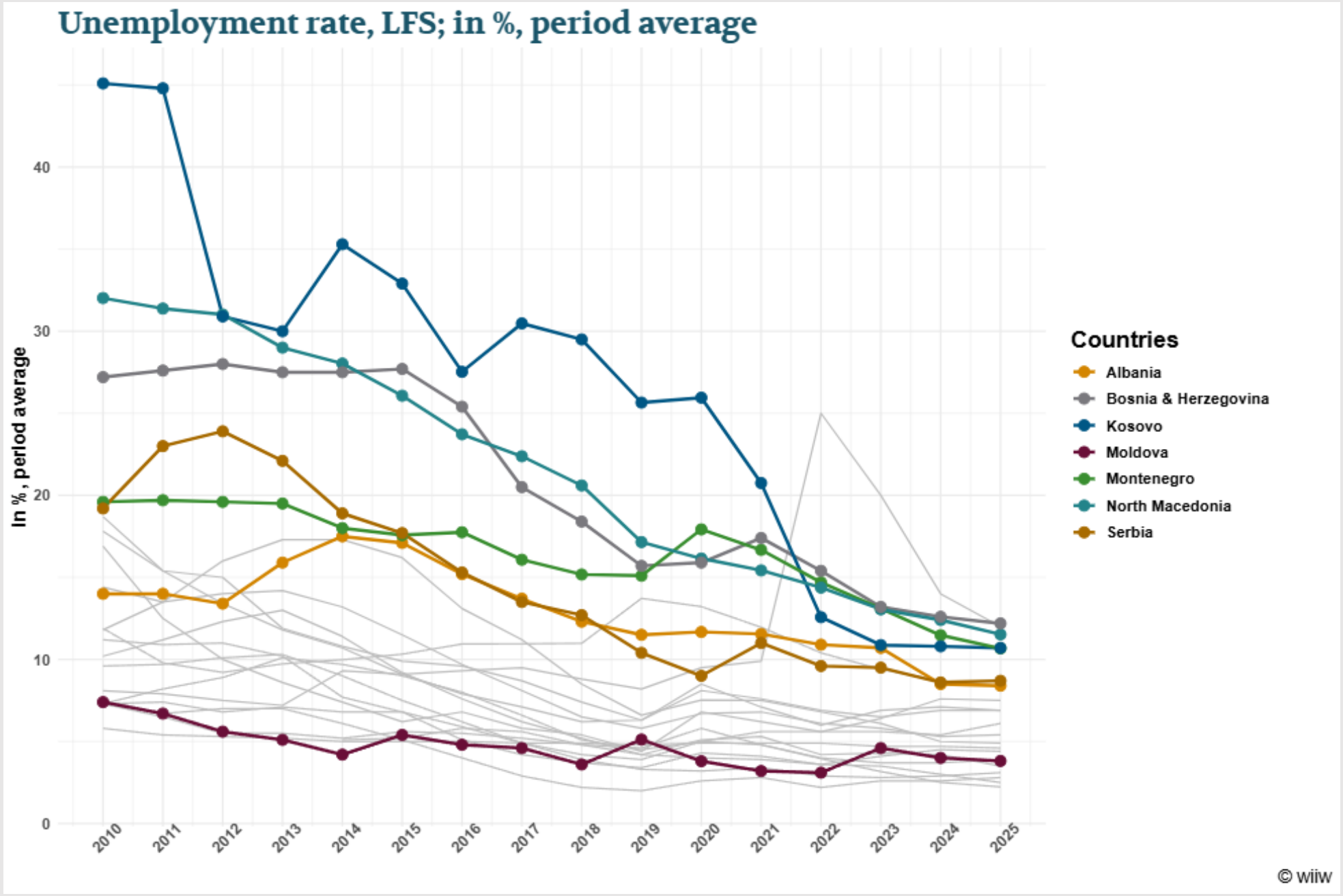
Source: ITUC, Global Rights Index

Rights are taken, not given

UNION LOCALE
C.G.T.
EXIGEZ
DES 40 HEURES
C'EST POUR QUAND?
DEFENDONS
U.J.C.F.
PAIX
U VIETNAM
HEROÏQUE
St LOUIS
AP

Third commandment:

Don’t trust that we have labour shortages


Unemployment rate, LFS; in %, period average
In %, period average
0
10
20
30
40
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Countries
Albania
Bosnia & Herzegovina
Kosovo
Moldova
Montenegro
North Macedonia
Serbia
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Companies list labour shortages as biggest obstacle

Obstacle	Value
Shortage of labour force	2,2
Brain drain/ emigration	2,3
Customs, tax rates and trade regulations	2,5
Informal economy and unfair competition	2,5
Political or social instability	2,5
Access to finance	2,5
Weak demand	2,5

Source: Balkan Barometer 2024. Note: Lower value = bigger obstacle.

Our analysis of LinkedIn postings indeed points to labour shortages among high skills

Source: Own calculations, from LinkedIn postings.

Top 5 skills demanded on LinkedIn in the region

1. Support
2. Data
3. Management
4. Customer
5. Development

But our online job ads analysis points to only mismatches for low-skill jobs, not real shortages

Source: Own calculations, from online job ads.

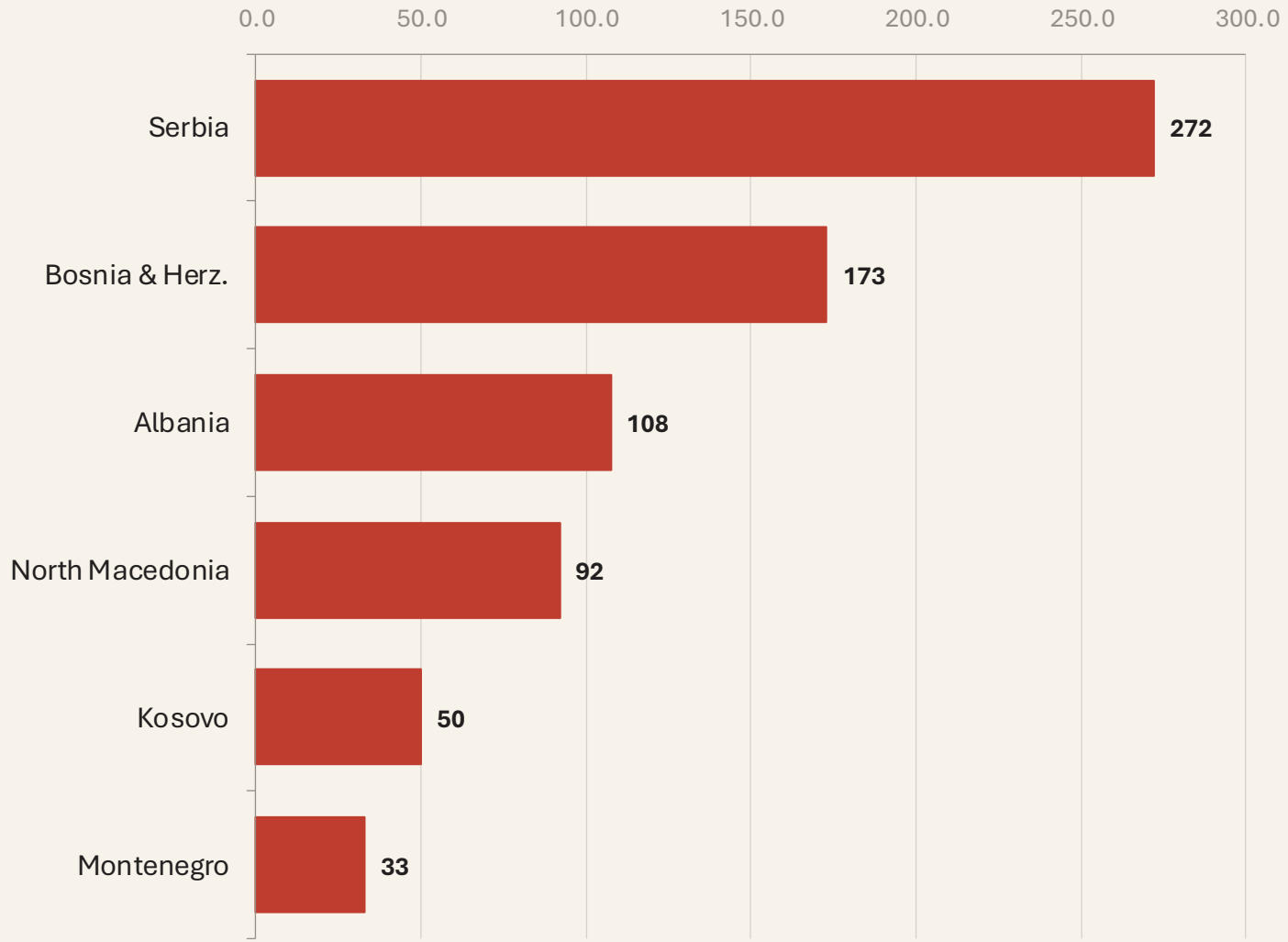
Top 5 jobs on online job portals in the region

1. Cashier
2. Sales specialist
3. Professional drivers
4. Cook and waiter
5. Distributor

More than 700,000 people in the region are unemployed

Unemployment rates have fallen, but there is still a large pool of people who are ready to work.

Unemployed persons, thousands

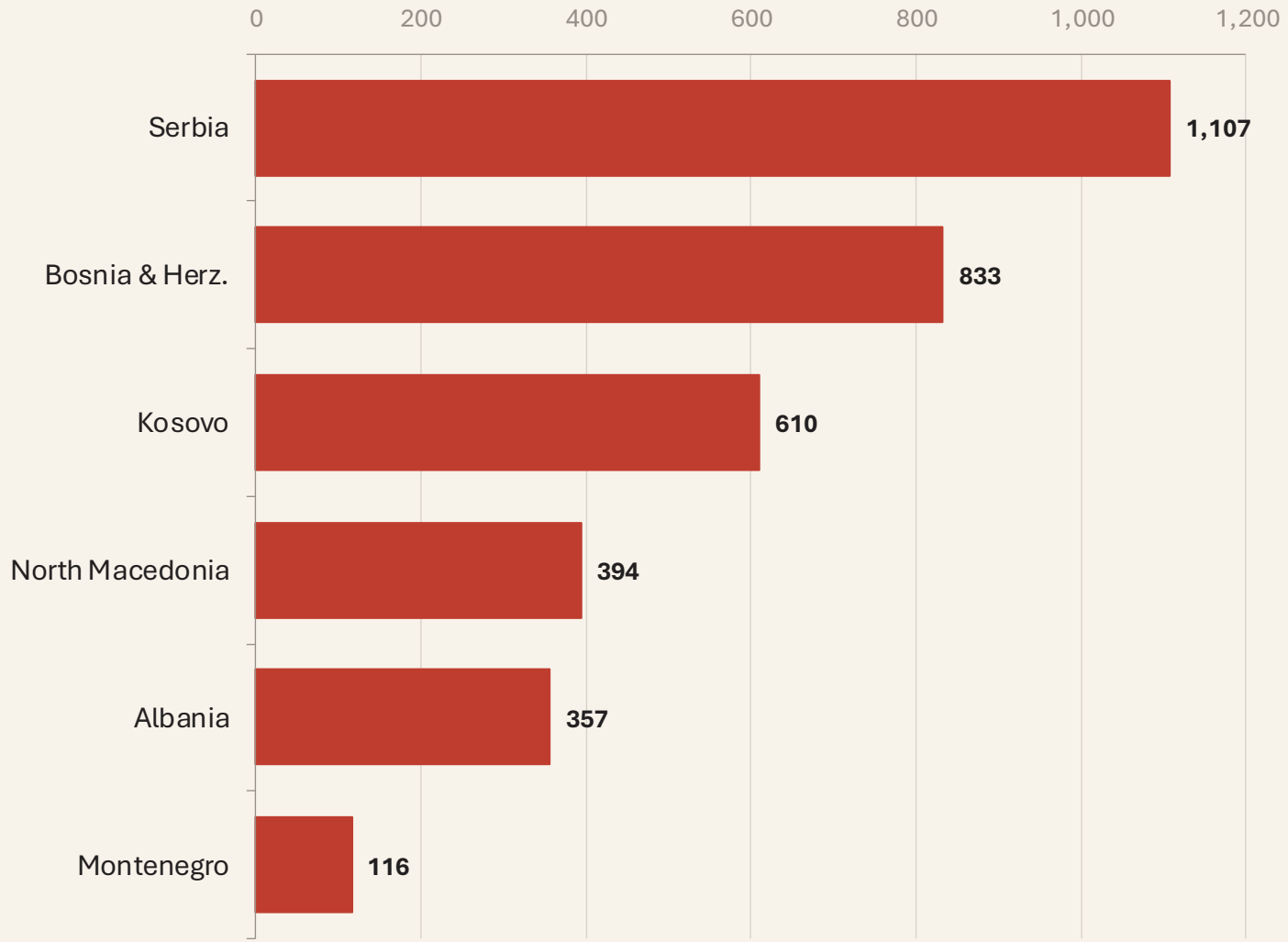


Source: Eurostat (BA, MK, RS), INSTAT (AL), MONSTAT (ME), Kosovo Agency of Statistics (XK). Labour force surveys, 2025; Kosovo 2024.

And another 3.4 million people of working age are outside the labour force

They are neither working nor looking for work – a large reserve of potential workers, many of them women.

Inactive persons aged 15–64, thousands



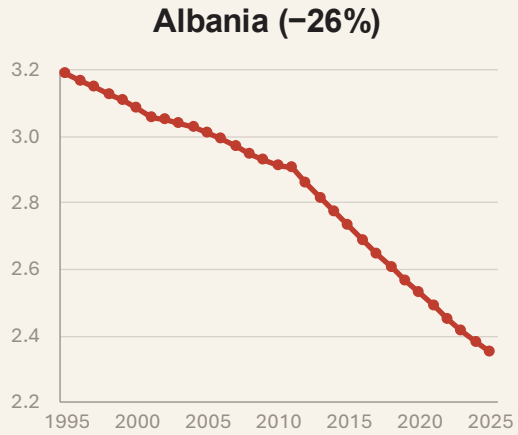
Source: Eurostat (BA, MK, RS, 2025), INSTAT (AL, 2025), Kosovo Agency of Statistics (XK, 2024), ILO modelled estimates (ME, 2025).

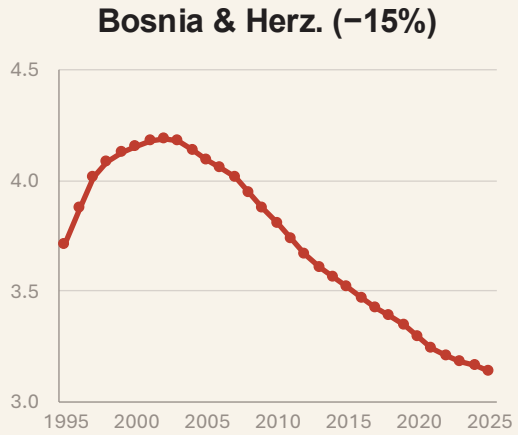
Fourth commandment:

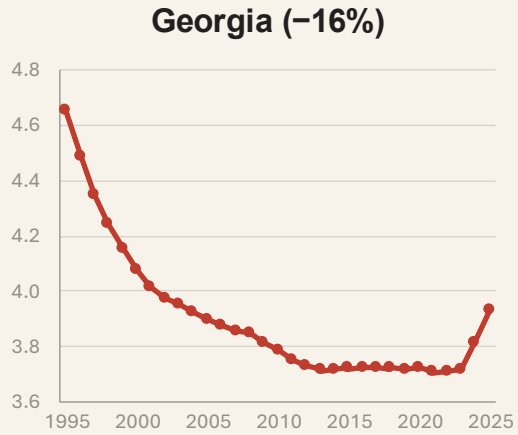
Don’t be against migration, but evaluate it critically

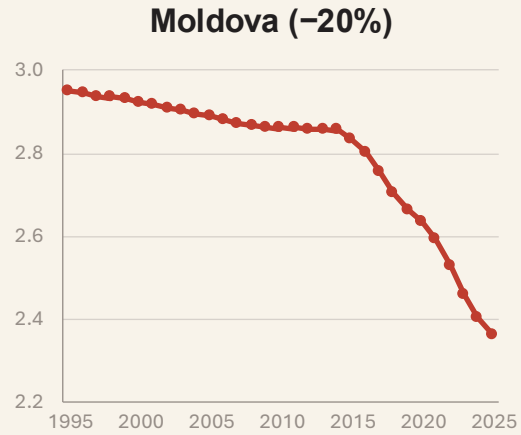
The population is shrinking almost everywhere in the region

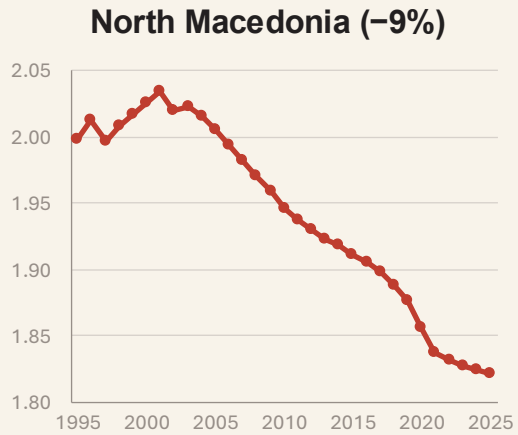
Population, million (in brackets: change 1995–2025)

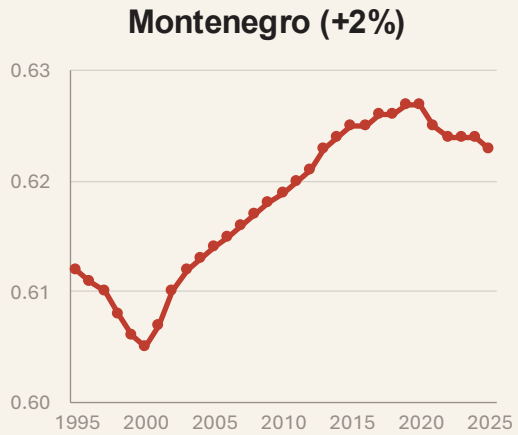


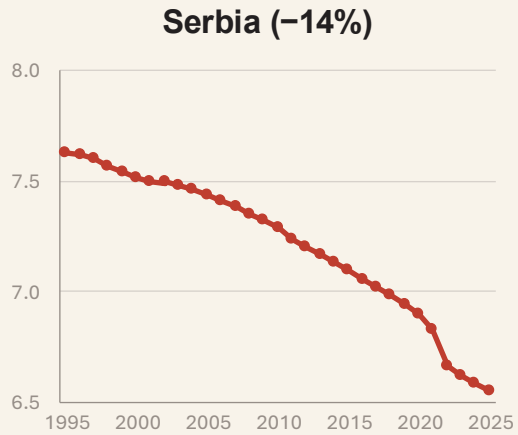


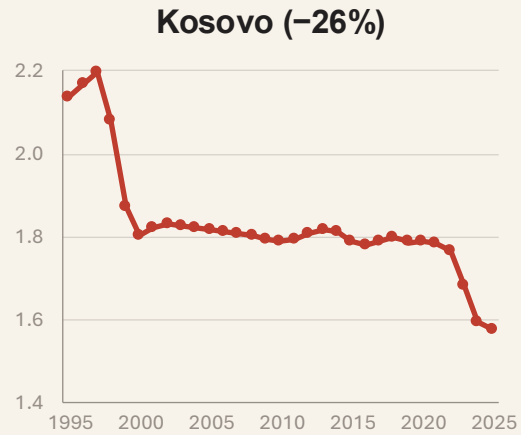








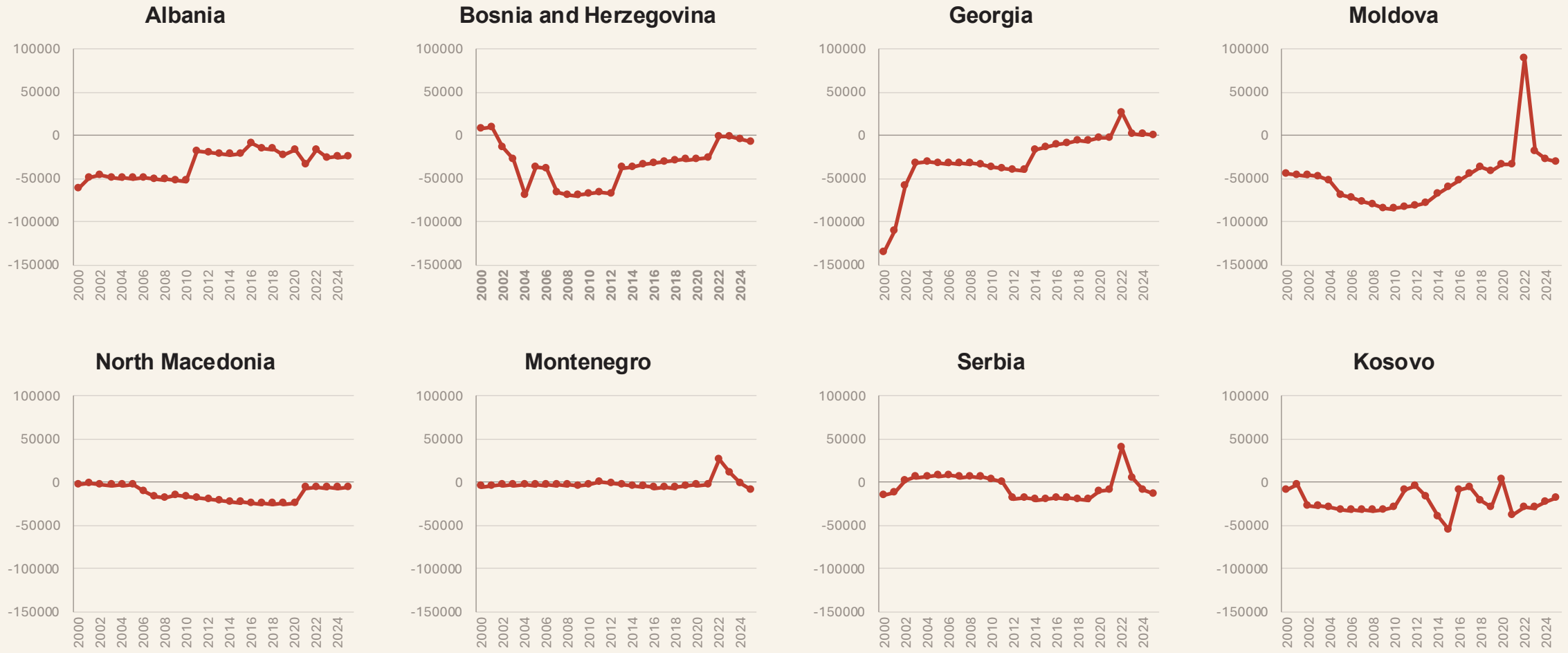




Source: World Bank, World Development Indicators (based on UN World Population Prospects).

This is to a big extent due to emigration, which remains a big problem

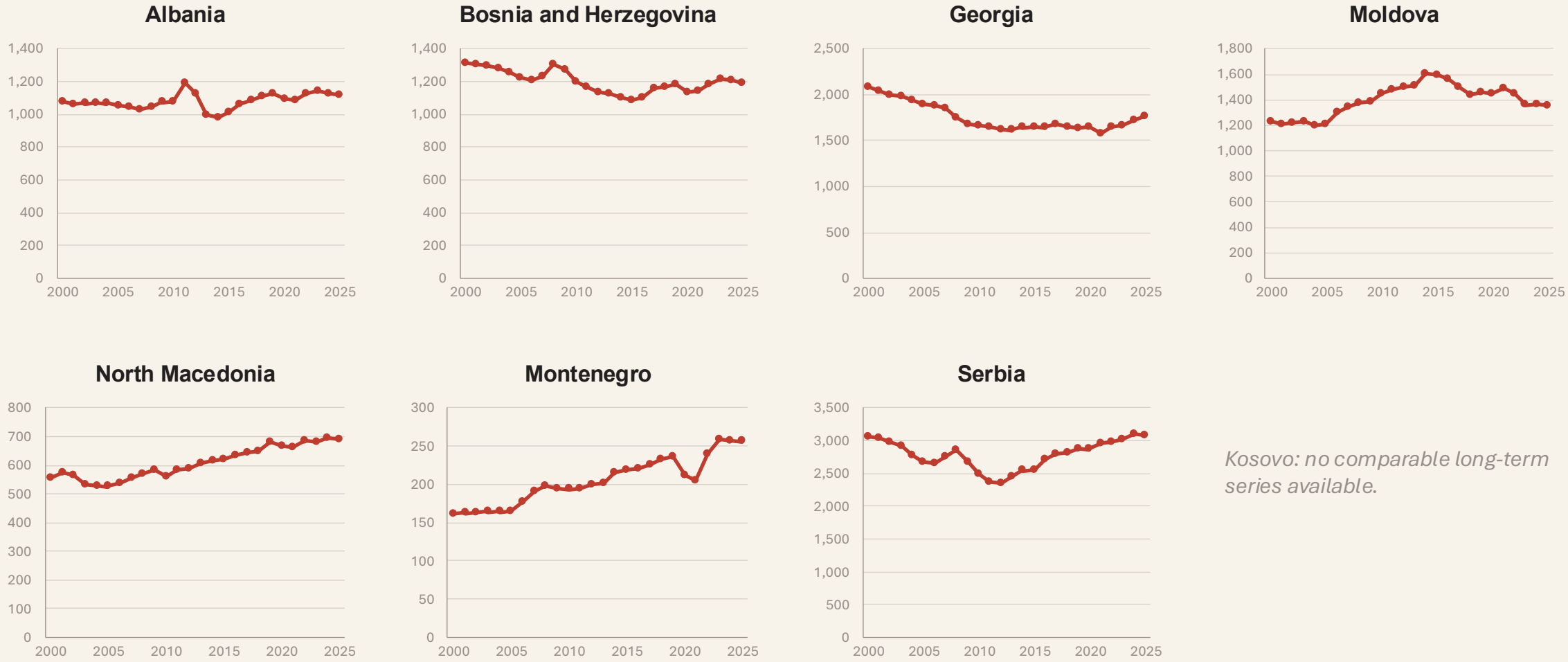
Net migration, persons



Source: World Bank, World Development Indicators (based on UN World Population Prospects).

Employment has stopped growing in most of the region

Number of employed persons, thousands



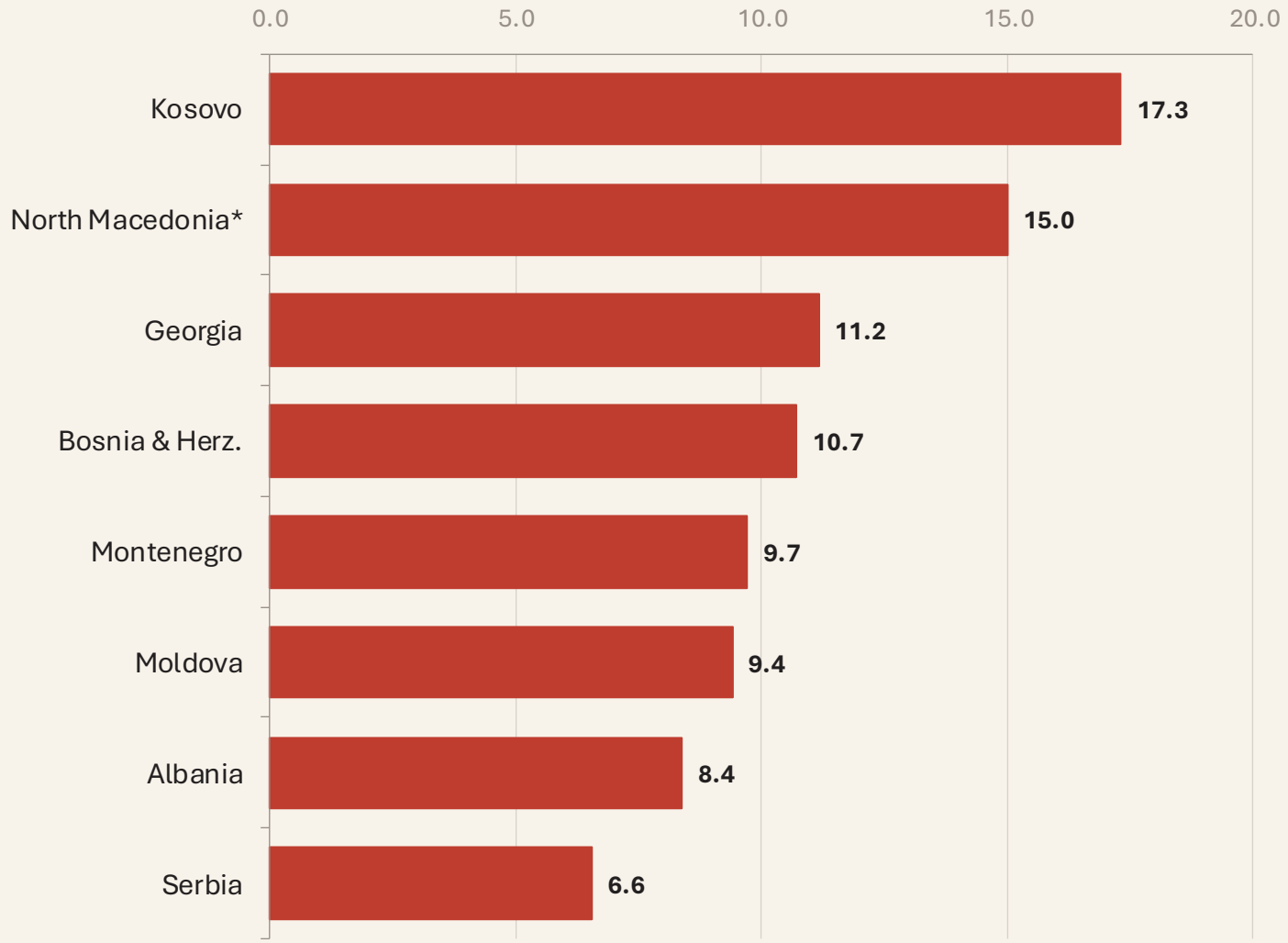
Kosovo: no comparable long-term series available.

Source: ILO modelled estimates, via World Bank WDI; employment = labour force × (1 – unemployment rate).

Emigrants send home large amounts of money

In 2025, remittances to the Western Balkans were about USD 16 billion. In Kosovo, they equal more than one sixth of GDP.

Personal remittances received, % of GDP, 2025



Source: World Bank, World Development Indicators. * North Macedonia: secondary income, as the country records most remittances outside the personal remittances category.

Workers from abroad are beginning to come

Serbia

52,185

work permits issued to foreigners in 2023, up from about 24,000 in 2021

Montenegro

40,567

work and residence permits for foreigners in 2025, incl. 11,826 for company directors

Albania

17,724

foreigners with residence permits for work in 2025, up from about 7,000 in 2021

Bosnia & Herz.

6,702

work permits issued in 2025, up from 5,798 in 2024

North Macedonia

6,128

foreign workers with residence permits in 2025, 3.5 times more than in 2020

Kosovo

~4,000

residence permits for work issued in 2024

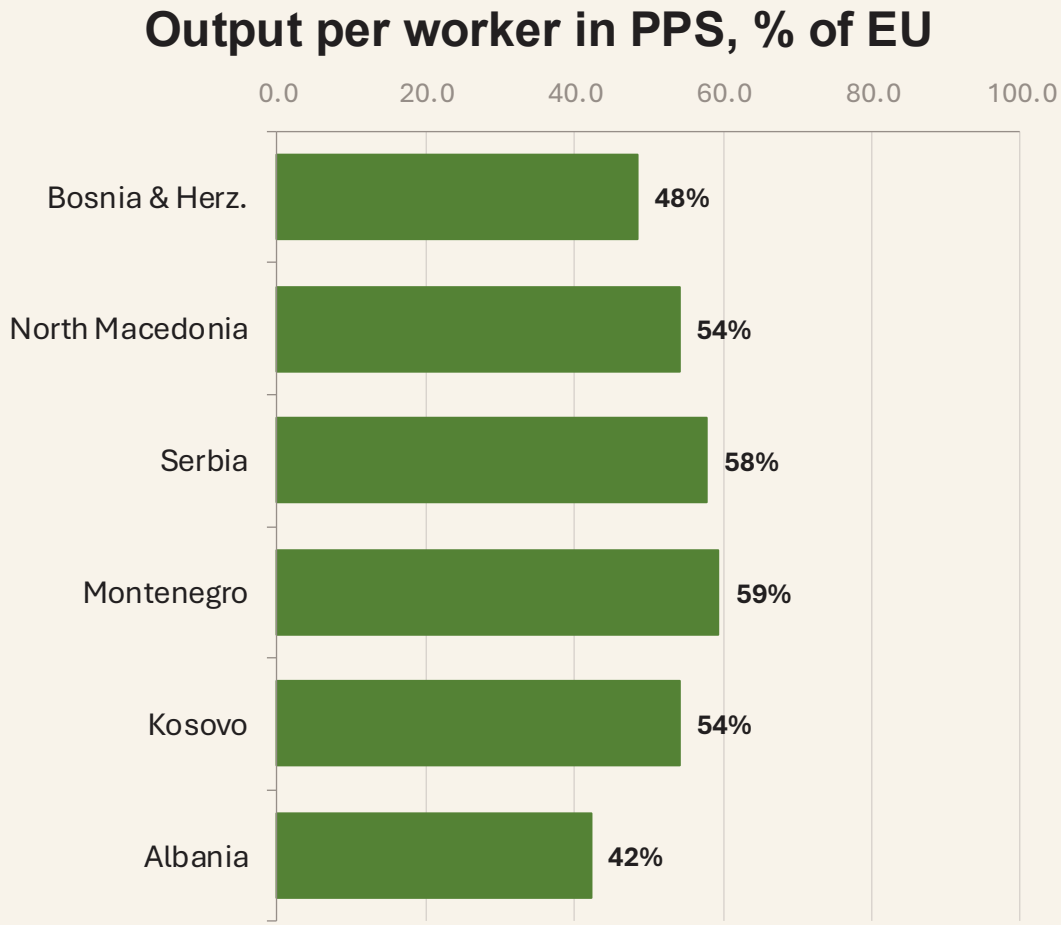
Source: national employment agencies and interior ministries, as reported in the media (N1, Montenegro Business, Gazeta Tema, Albeu); ARZ BiH. Serbia: last year before the 2024 switch to a single residence and work permit.

Fifth commandment:

Challenge the productivity narrative

Wages in the region remain far below the EU average

In Albania, Kosovo and Montenegro, also below labour productivity



Source: converge2eu. Data for 2025. PPS = purchasing power standards.

Productivity depends on technology, not on how hard people work

14 hours

to sew a shirt by hand

Source: The New York Times, 7 January 1860.

Productivity depends on technology, not on how hard people work

1 hour

to sew a shirt on a sewing machine

Source: The New York Times, 7 January 1860.

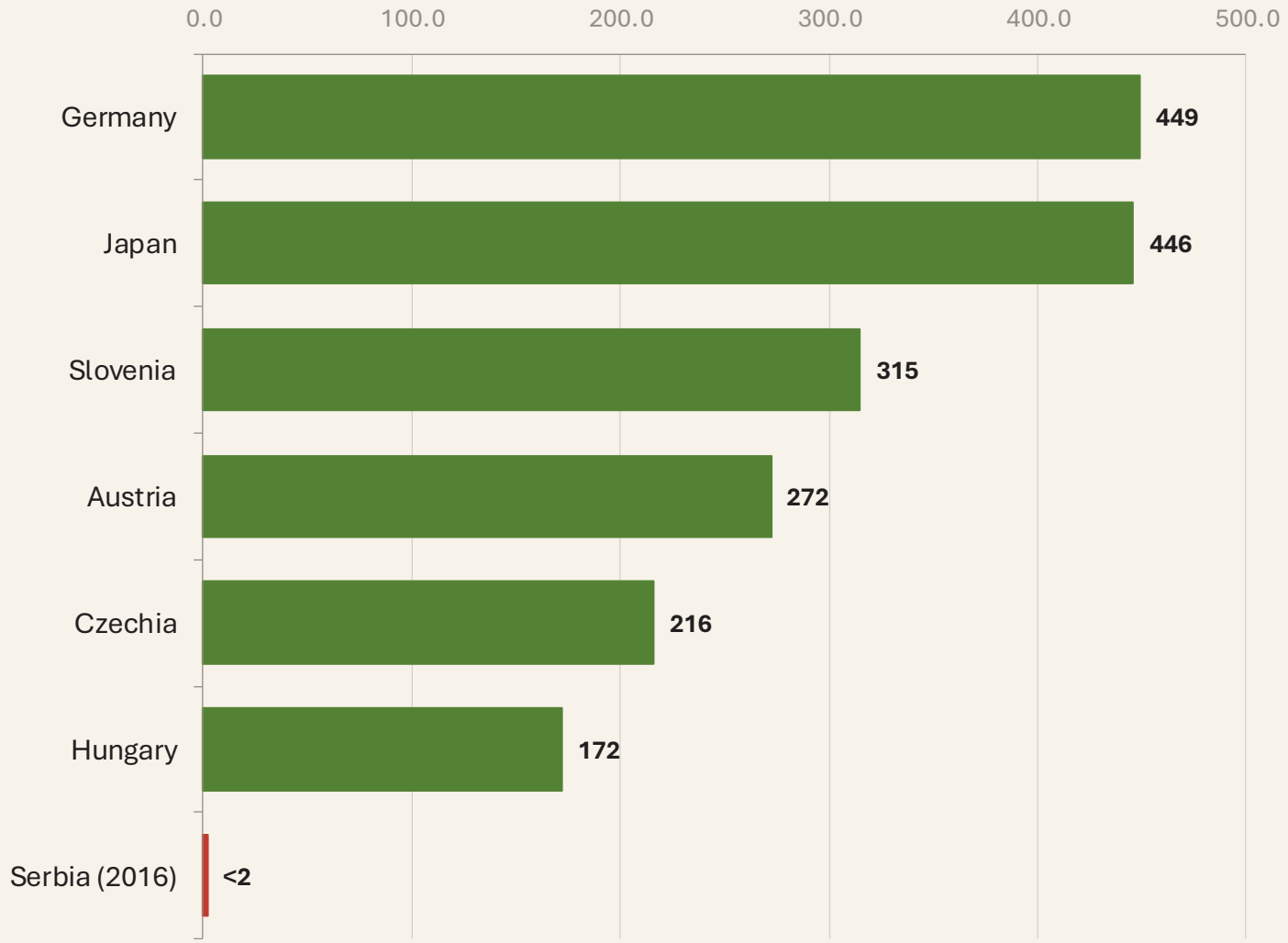
Sixth commandment:

Don’t fear automation

Automation in the region is very low

Germany and Japan have about 450 industrial robots per 10,000 manufacturing workers. Serbia had fewer than 2.

Robots per 10,000 manufacturing workers



Source: IFR World Robotics, via Our World in Data (2024); Serbia: EBRD Transition Report 2018-19, based on IFR (2016).

Seventh commandment:

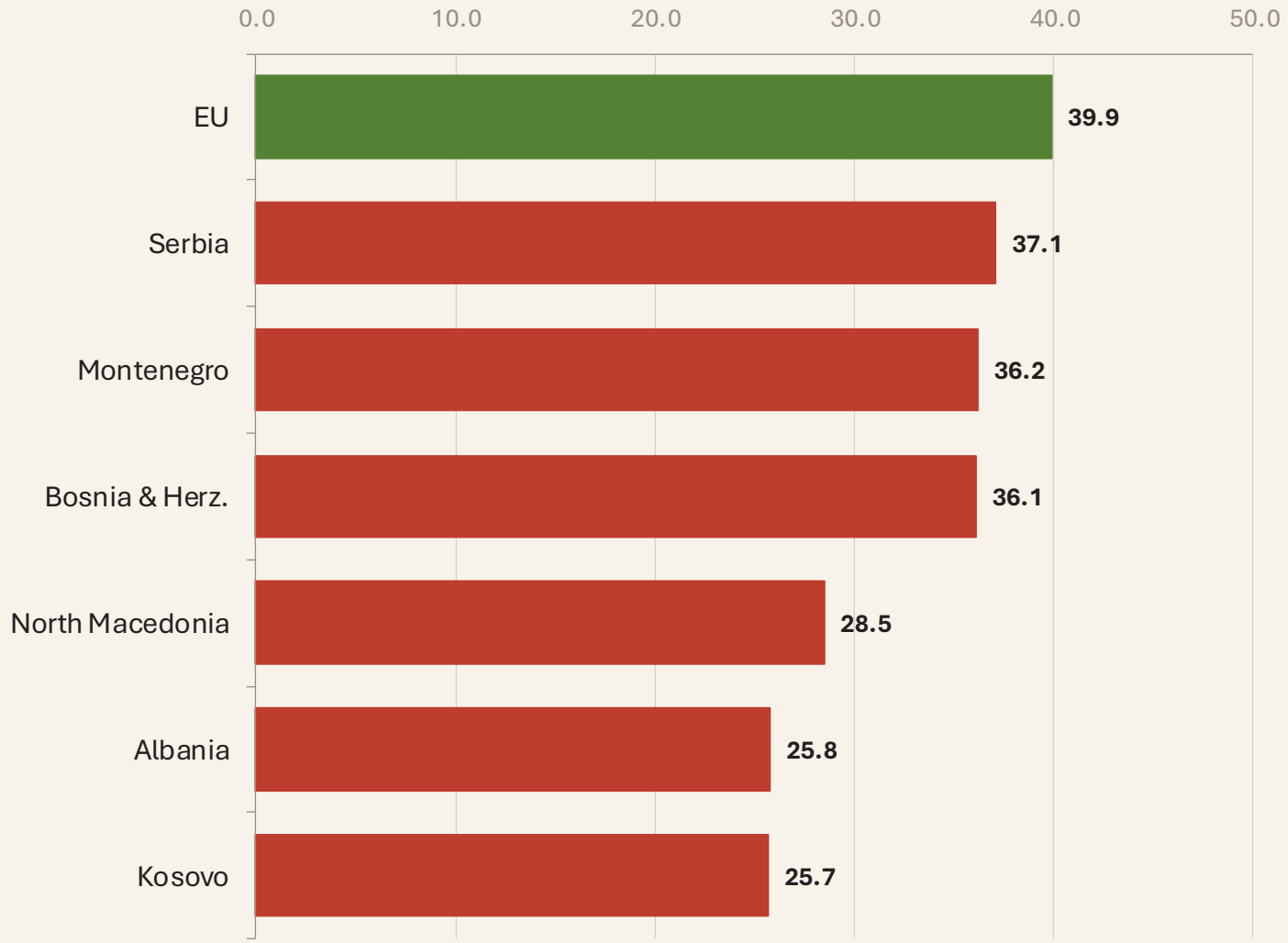
Taxes are good (especially if they are progressive)

TAXES ARE WHAT WE PAY FOR A CIVILIZED SOCIETY —

Taxes in the region are lower than in the EU

Albania, Kosovo and North Macedonia collect 11–14% of GDP less in taxes than the EU average.

Taxes and social contributions, % of GDP, 2023



Source: Eurostat (EU); IMF and national ministries of finance, compiled by ALTAX (Western Balkans).

TAX
THE
RICH

Eighth commandment:

Be pragmatic about AI

PRESIDENTIAL ACTIONS

INAUGURATING THE ERA OF SUPER INTELLIGENCE

Executive Orders | September 29, 2026

EXECUTIVE ORDER I4434

By the authority vested in me as President by the Constitution and the laws of the United States of America, it is hereby ordered:

Fears of AI bubble bursting mount

Published 6 HOURS AGO

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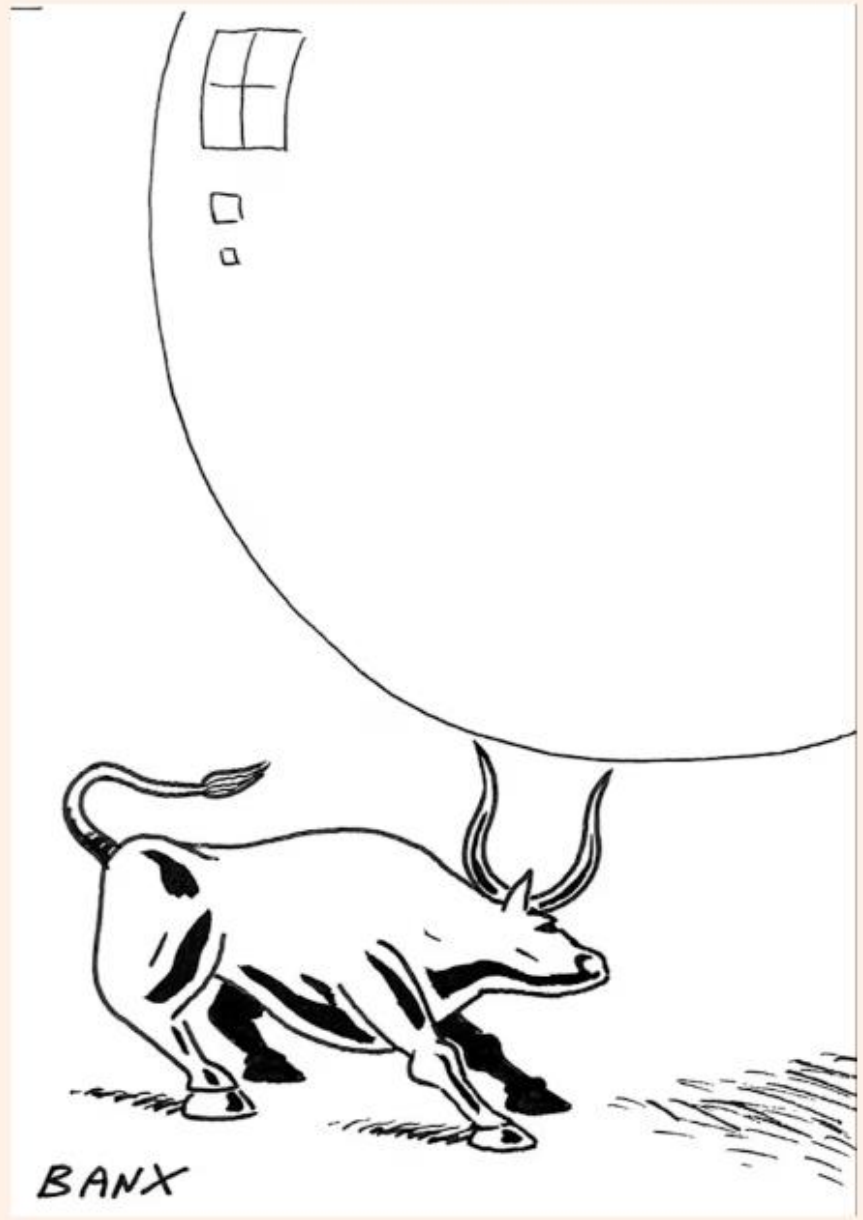
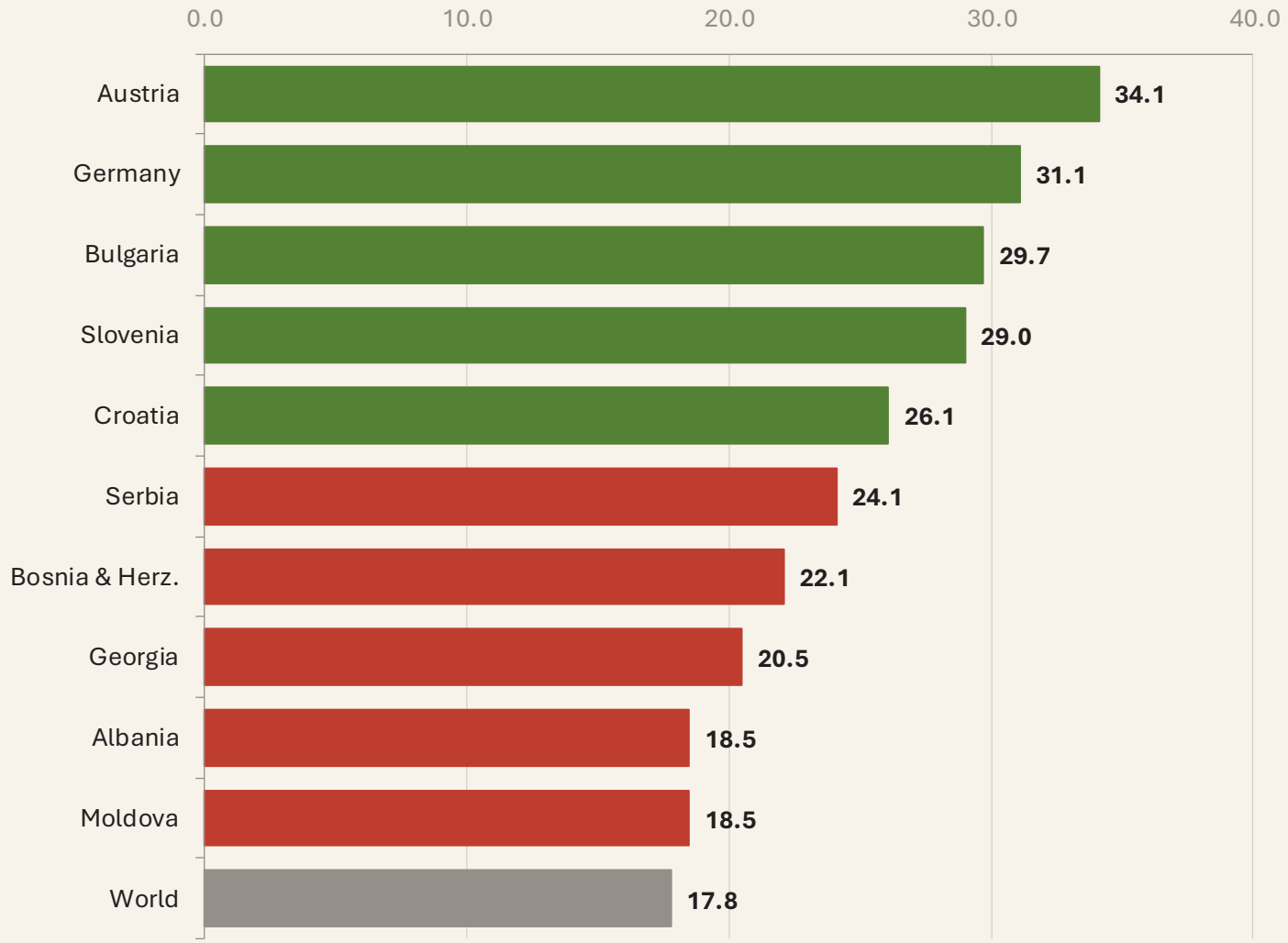


AI use in the region lags behind Austria and Germany

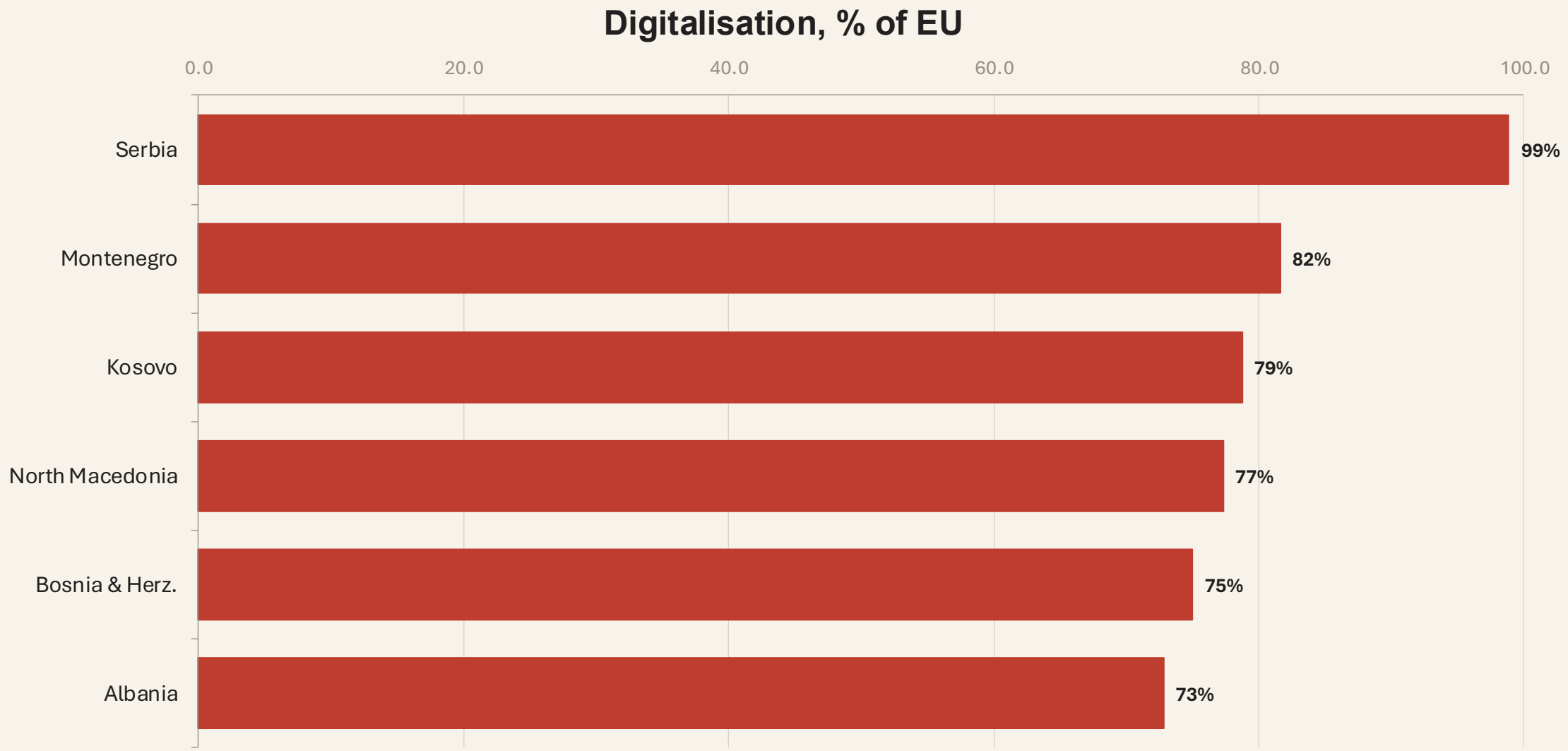
About one in five people of working age in the region uses generative AI – compared with one in three in Austria.

Generative AI users, % of people aged 15–64



Source: Microsoft AI Diffusion Report, Q1 2026. No data for North Macedonia, Montenegro and Kosovo.

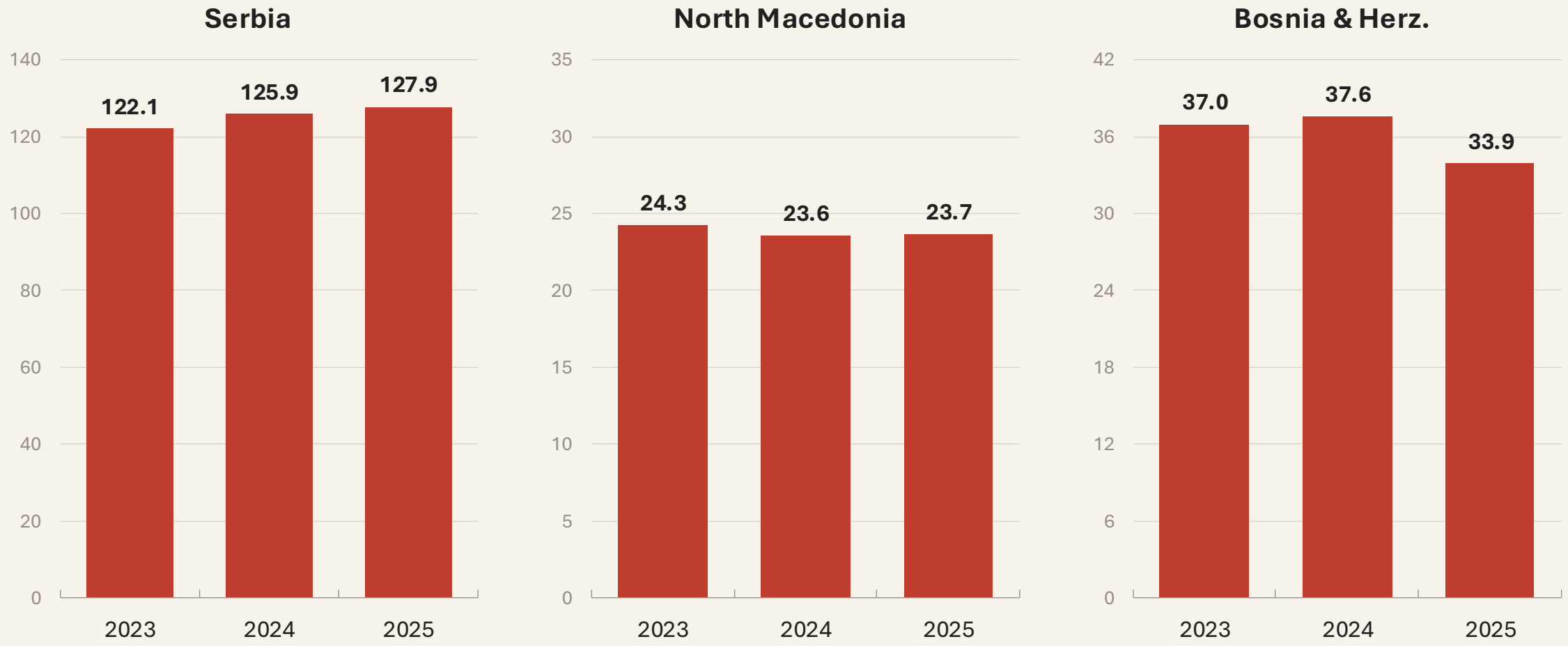
But in digitalisation, the region is not far behind the EU



Source: converge2eu. Data for 2025. Digitalisation = average of internet access, e-government use, enterprises with websites, ICT exports, ICT value added and digital skills.

IT employment in the region has stopped growing

Employed persons in information and communication, thousands



Source: Eurostat, Labour Force Survey. Section J of NACE (information and communication) also includes telecoms and publishing.

Ninth commandment:

Embrace industrial policy

The Return of the Policy That Shall Not Be Named: Principles of Industrial Policy

By Reda Cherif, Fuad Hasanov

March 26, 2019

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Summary

Industrial policy is tainted with bad reputation among policymakers and academics and is often viewed as the road to perdition for developing economies. Yet the success of the Asian Miracles with industrial policy stands as an uncomfortable story that many ignore or claim it cannot be replicated. Using a theory and empirical evidence, we argue that one can learn more from miracles than failures. We suggest three key principles behind their success: (i) the support of domestic producers in sophisticated industries, beyond the initial comparative advantage; (ii) export orientation; and (iii) the pursuit of fierce competition with strict accountability.

Transition Report 2024-25

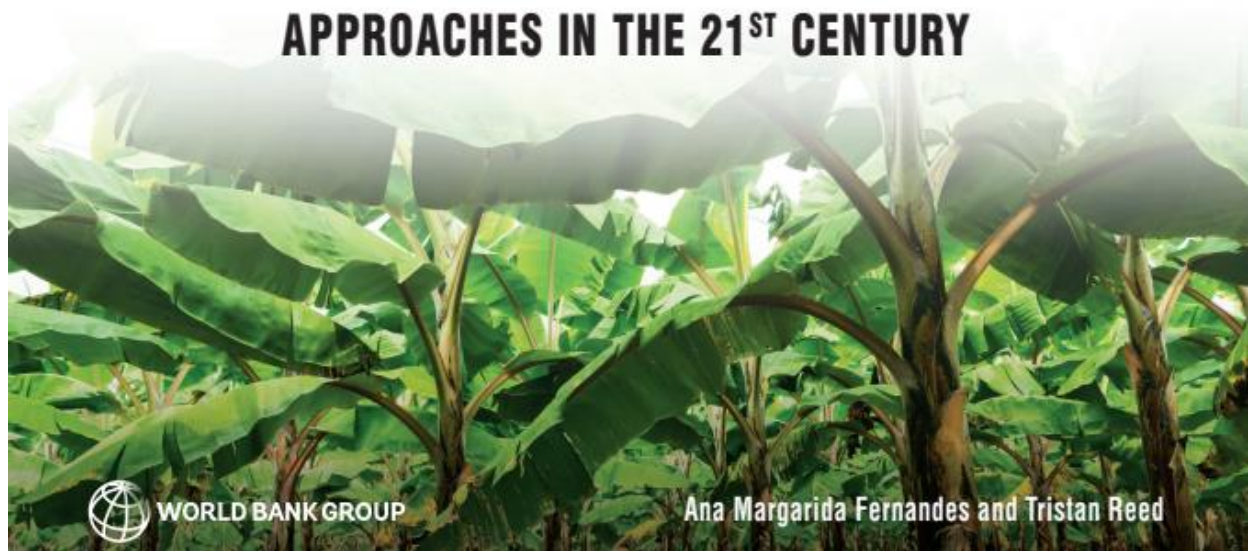
Navigating industrial policy

European Bank
for Reconstruction and Development

A WORLD BANK GROUP POLICY RESEARCH REPORT

Industrial Policy for Development

APPROACHES IN THE 21ST CENTURY

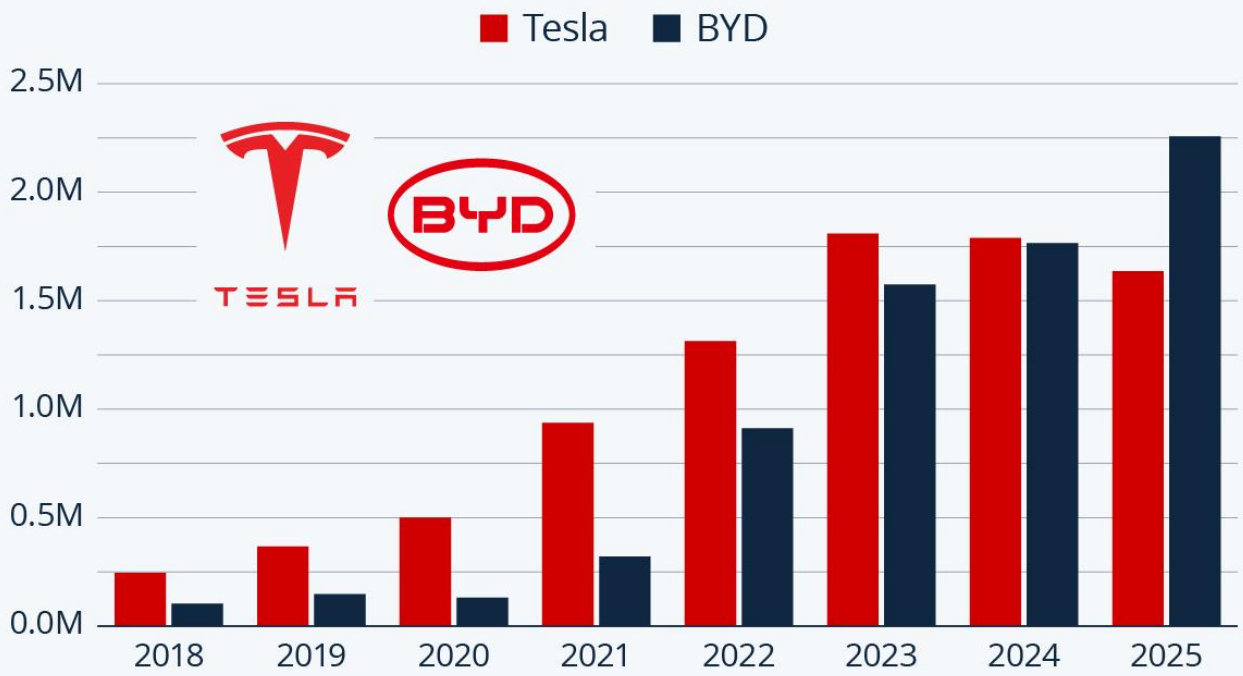


WORLD BANK GROUP

Ana Margarida Fernandes and Tristan Reed

BYD Surges Past Tesla to Become World's Largest EV Brand

Annual battery electric passenger vehicle deliveries/sales of Tesla and BYD



Sources: BYD, Tesla

statista

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MADE IN
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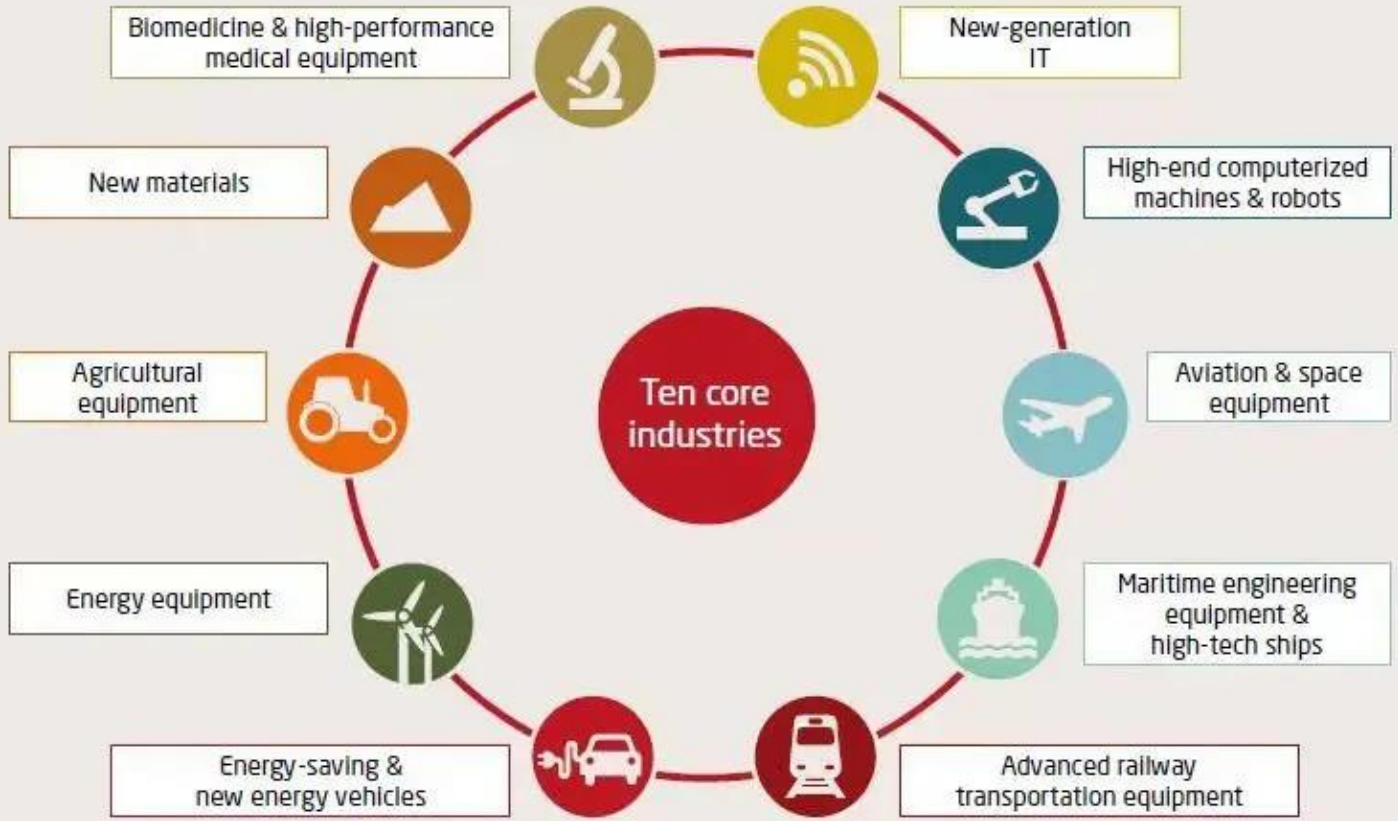
Ten core industries set the basis of Made in China 2025

China has set ambitious targets



Main steps	Milestones
2025	Major manufacturing power
2035	Global manufacturing power
2049	Leading manufacturing superpower

Source: State Council

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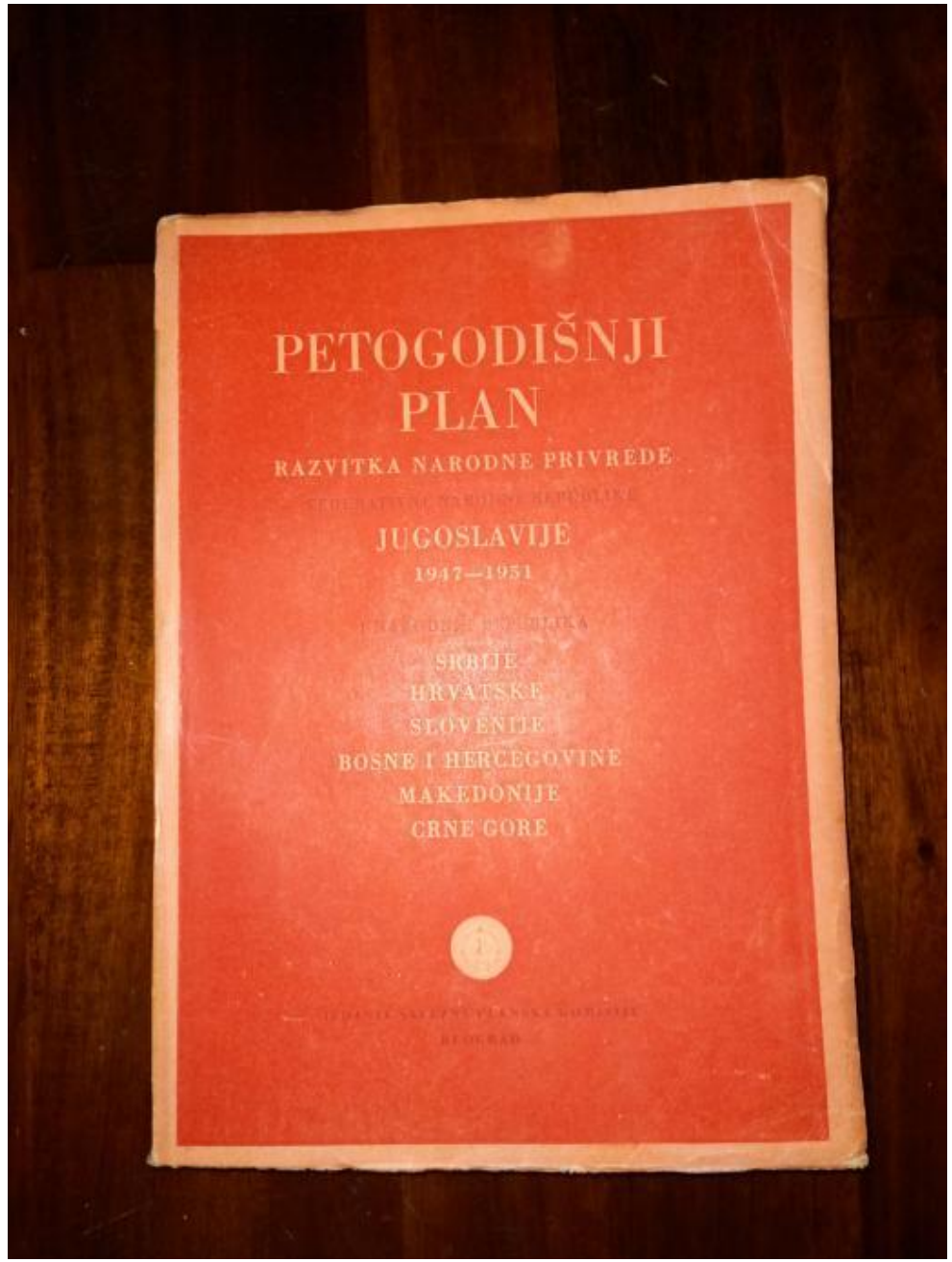
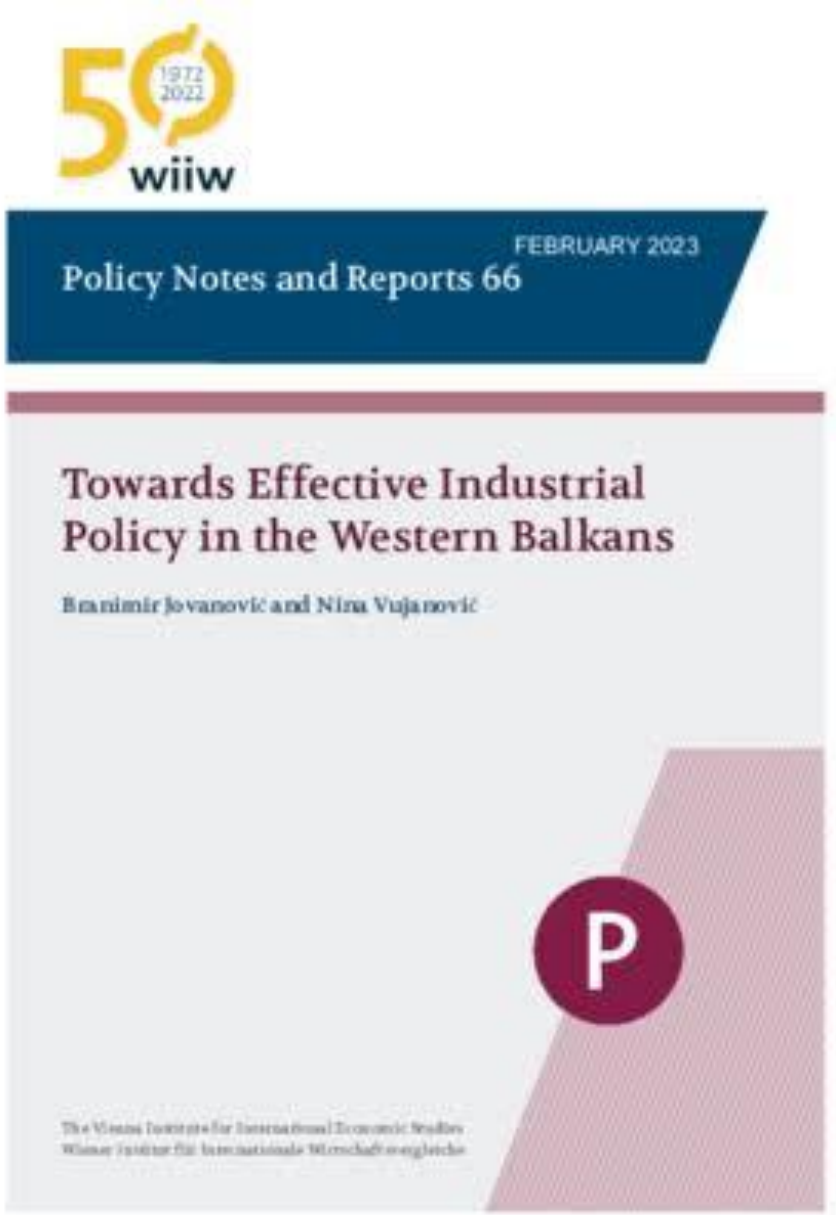

PETOGODIŠNJI
PLAN
RAZVITKA NARODNE PRIVREDE
JUGOSLAVIJE
1947—1951
SRBIJE
HRVATSKE
SLOVENIJE
BOSNE I HERCEGOVINE
MAKEDONIJE
CRNE GORE


1972
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FEBRUARY 2023
Policy Notes and Reports 66
Towards Effective Industrial Policy in the Western Balkans
Branimir Jovanović and Nina Vujanović
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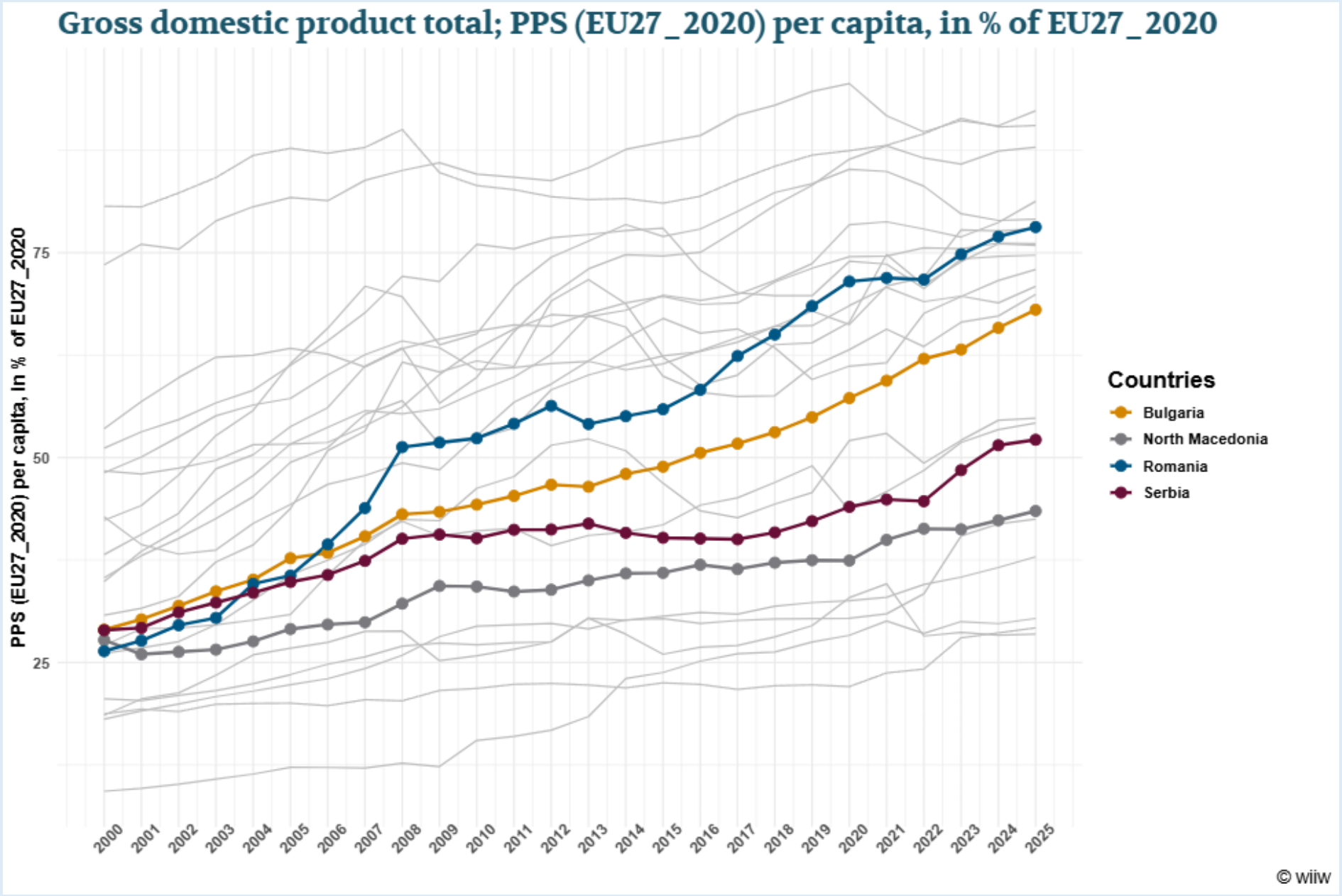
Tenth commandment:

Don’t be against the EU, but be critical


Gross domestic product total; PPS (EU27_2020) per capita, in % of EU27_2020
PPS (EU27_2020) per capita, in % of EU27_2020
75
50
25
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
2020
2021
2022
2023
2024
2025
Countries
Bulgaria
North Macedonia
Romania
Serbia
© wiiw

EU accession raises GDP growth

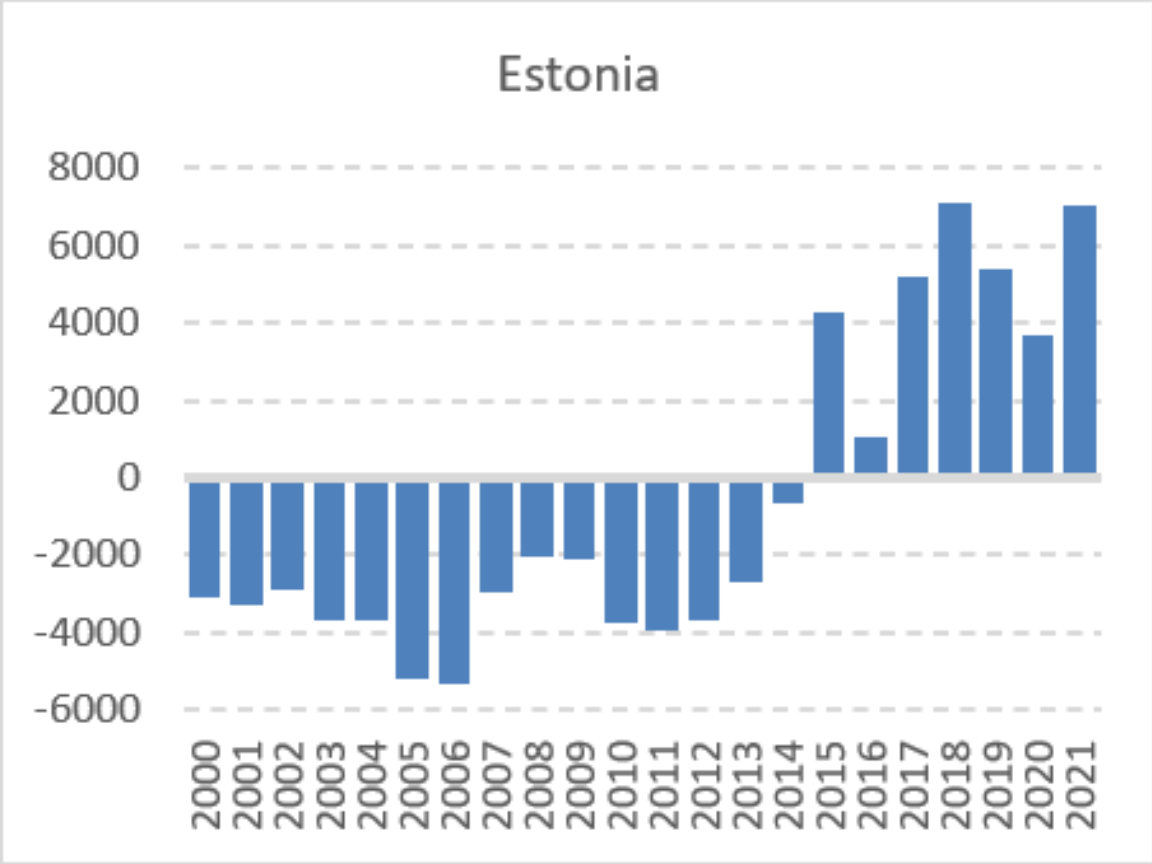
- EU budget transfers: 1.2 pp
- exports to the EU: 0.6 pp
- control of corruption: 0.3 pp

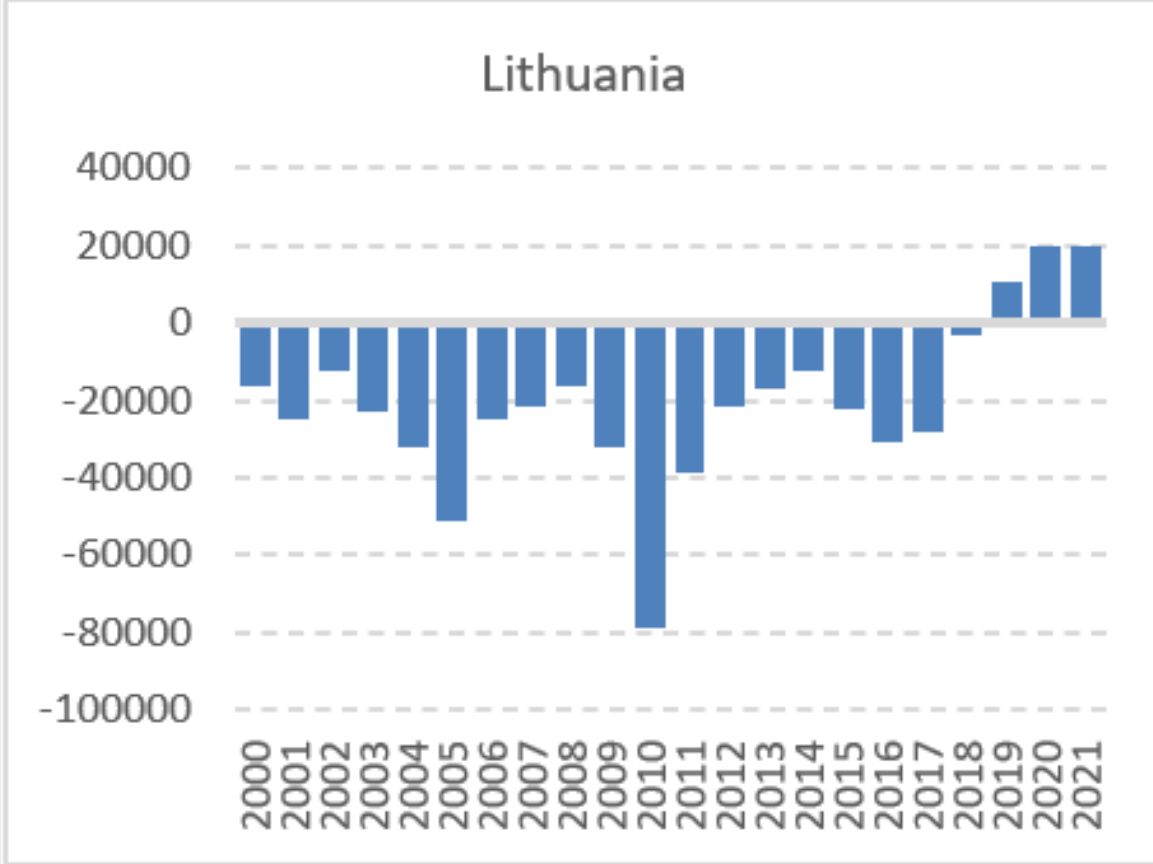
- **EU accession in total: 2.1 pp**

Source: forthcoming study authored by me

EU membership also helps with emigration

Net migration in Estonia and Lithuania (negative values = emigration)





Scenario / Bosnia and Herzegovina

GDP per capita

Status quo:	100+ years to EU
Full EU accession:	88 years to EU
Access to EU budget:	100+ years to EU
EU single market:	100+ years to EU
Institutional reforms:	100+ years to EU

Poverty

Status quo:	Divergence
Full EU accession:	96 years to EU
Access to EU budget:	96 years to EU
EU single market:	Divergence
Institutional reforms:	Divergence

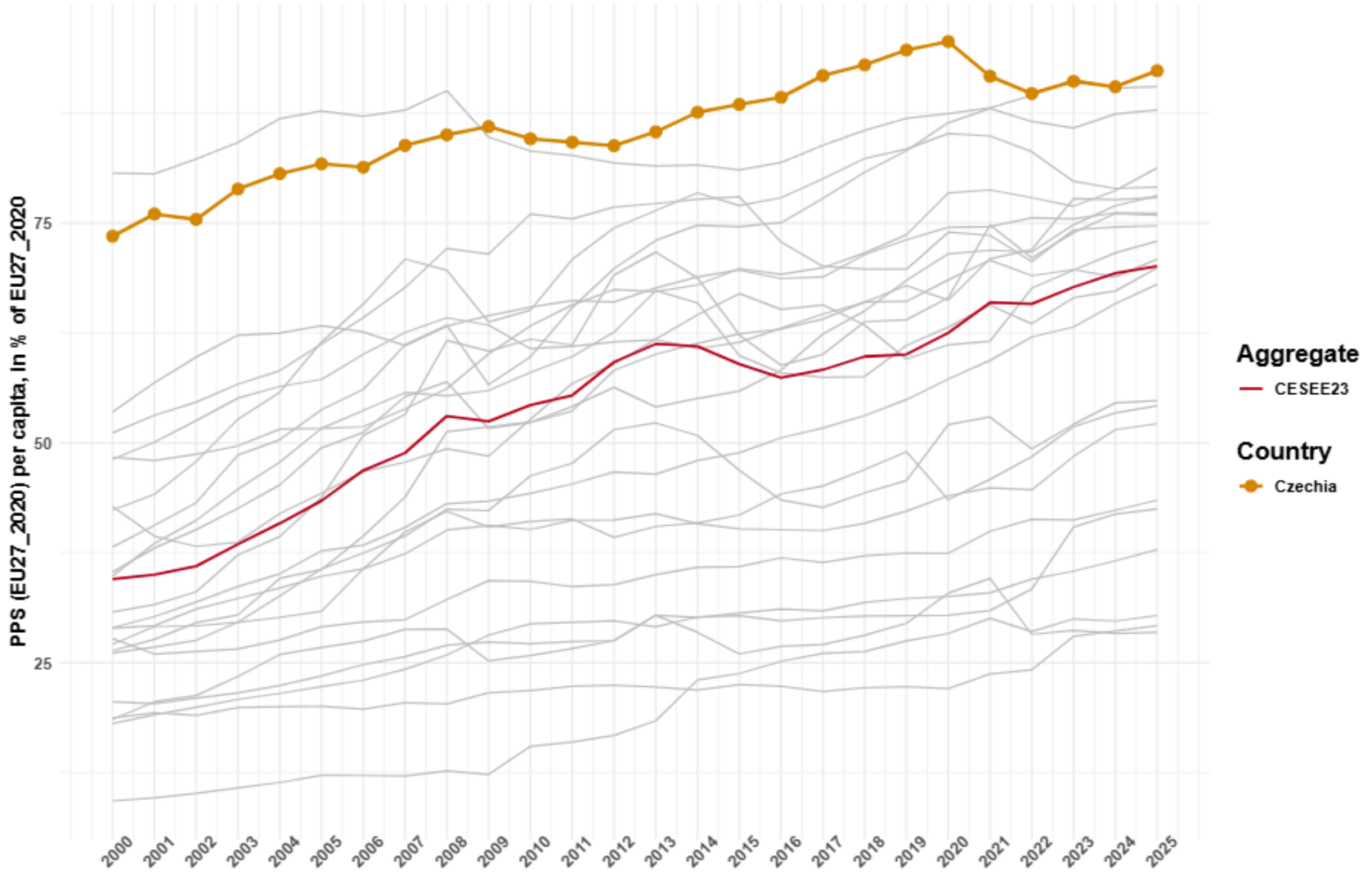
Life expectancy

Status quo:	Divergence
Full EU accession:	Divergence
Access to EU budget:	Divergence
EU single market:	Divergence
Institutional reforms:	Divergence

Enrolment in tertiary education

Status quo:	Divergence
Full EU accession:	Divergence
Access to EU budget:	Divergence
EU single market:	Divergence
Institutional reforms:	Divergence

Gross domestic product total; PPS (EU27_2020) per capita, in % of EU27_2020



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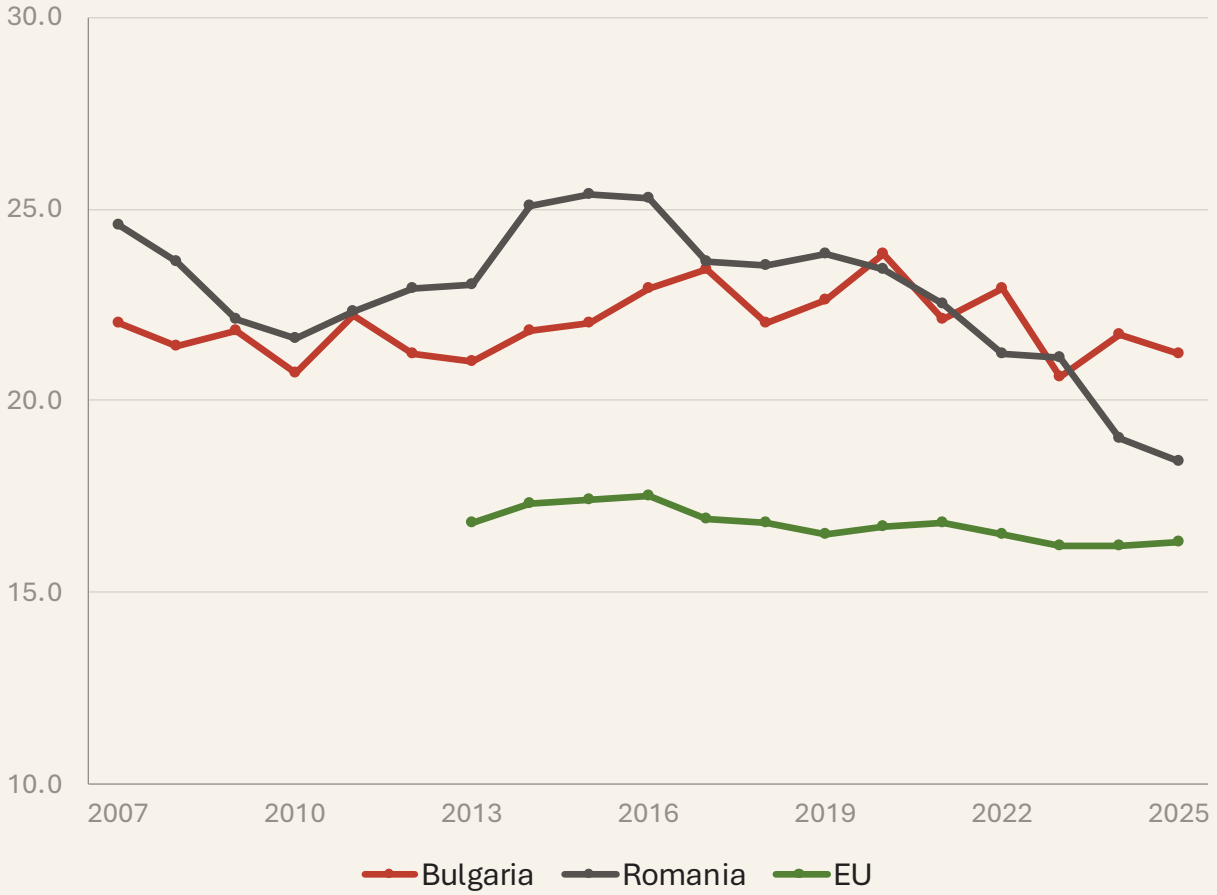
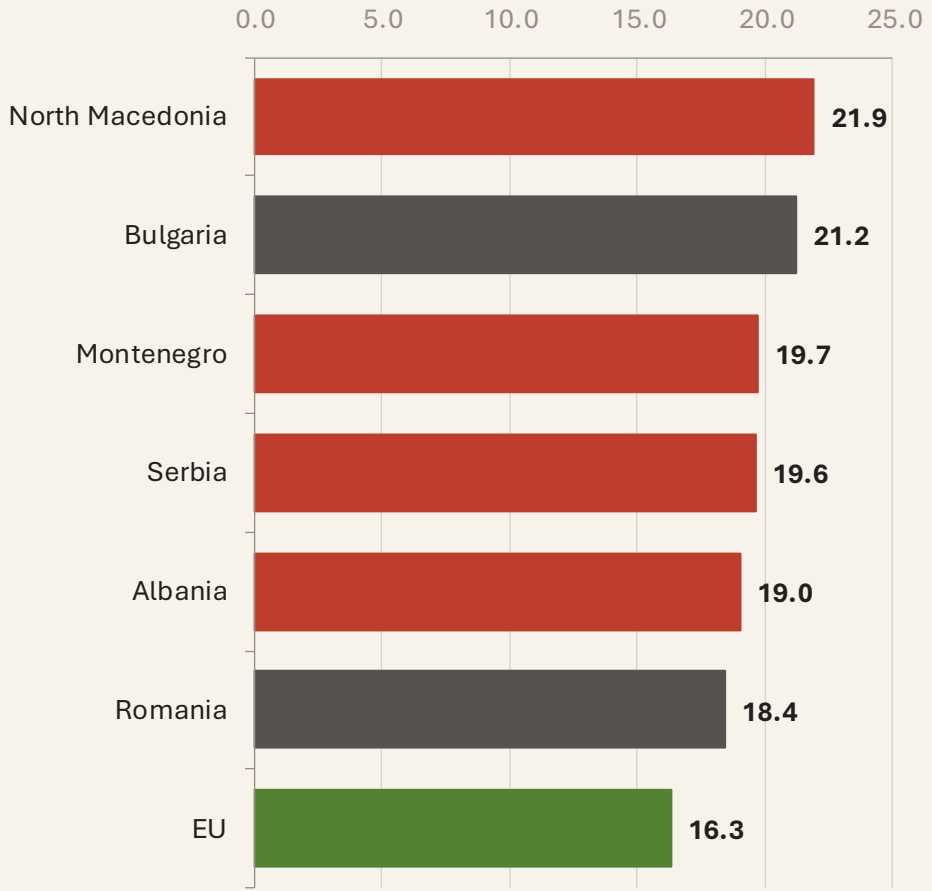
Almost 20 years after joining the EU, about one in five people in Bulgaria and Romania is still at risk of poverty

At-risk-of-poverty rate, % of population



Similar to the Western Balkans, latest year, %



Source: Eurostat. Share of people with income below 60% of the national median. Latest year: 2025; North Macedonia and Montenegro 2024. No recent data for Kosovo and BiH.

Do this, and we will have a better world

1. Ask for higher wages
2. Fight for labour rights
3. Don’t trust that we have labour shortages
4. Don’t be against migration, but evaluate it critically
5. Challenge the productivity narrative
6. Don’t fear automation
7. Taxes are good (especially if they are progressive)
8. Be pragmatic about AI
9. Embrace industrial policy
10. Don’t be against the EU, but be critical